

Issue # 4

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# The Monthly Minute

## With State Senator John Pappageorge

P.O. Box 30036 Lansing, MI 48909 Toll Free 1-877-SEN13th (736-1384)  
[www.senate.mi.gov/pappageorge](http://www.senate.mi.gov/pappageorge)



### Governor, Senate and House Leadership Continue Budget Negotiations

Dear Friend:

In my last newsletter I outlined the Senate's plan to balance this fiscal year's budget that ends on September 30, 2007. Because many smaller adjustments were not made as early as a year ago and in the months that followed, I found when I arrived in January, that we were \$840 million in the hole.

I believe that bad news never gets better with age. Again, prudent steps taken much earlier in the year would have avoided this massive under-funding so late in this fiscal year. The Governor in her February State of the State address alluded to revenue enhancements and investments and proposed seventeen new programs without referring to this year's shortfall. The following week she proposed her 2% tax on services. It was wildly unpopular. The Democrat majority in the House of Representatives would not even put it up for a vote.

By March it was clear that the Governor's service tax would never pass the House and certainly not the Senate. In the meantime, the shortfall for this year had grown to \$942 million. In the process of negotiating with the Governor, the Senate accepted the fund shifts, delayed payments and some relatively small actual cuts in spending proposed in her Executive Order. It wasn't enough. Some \$600 million remained to be dealt with.

The Senate chose to balance this year's budget without raising taxes. It did so with two bills. Senate Bill (SB) 220 eliminated the gap in the general fund budget and SB 221 did the same for the school aid budget. The House then deliberated on both SB's and sent their versions back to the Senate.

Senate Bill 220 will have to be reconciled by a conference committee and returned to the House and Senate for an up or down vote. No amendments will be allowed.

SB 221 was passed by both houses and signed into law, but did not settle the current \$36 per pupil deficit. In an effort to move the process forward, the Senate passed the House's version that left in the \$36 per pupil shortfall. Therefore, there remains over a \$70 million deficit in the school aid fund. Had the House passed the Senate's original \$34 per pupil reduction months ago, schools would have been able to take the necessary steps to reduce the impact. While even a modest per pupil cut is never easy to endure, the longer we prevent the inevitable the more detrimental it is to schools.

The Governor recently issued a letter to the legislature stating that a pro-rata reduction of \$122 per pupil will be necessary. This is her *estimate* of what will finally be needed to balance this year's school budget by September 30. I, and others, have accused the Governor of using scare tactics to get people to agree with her continuing calls for tax increases.

On the 18<sup>th</sup> of this month there will be another Revenue Estimating Conference to refine the estimate of how much revenue we can still expect for this fiscal year. By law, the Legislature must respond to the Governor's letter by the end of this month. In the meantime, negotiations are continuing between the Governor, the House and the Senate. The Senate Republicans are represented in these working group meetings by Senators Bishop, Jelinek and myself.

We are still committed to closing this year's deficit without raising your taxes. Long term solutions are needed. I have already begun the process of addressing the onerous rules and regulations that prevent businesses from investing in Michigan. A couple of weeks ago I met with local business leaders and discussed the processes that delay or halt investment in this state. I have brought their stories back to Lansing with me to start addressing their concerns. We must change the way we do business if we are to turn Michigan's economy around.

Sincerely,

John Pappageorge

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## Improved BEST Plan Passes Senate

The state Senate has passed the Republican proposal to jump-start and diversify Michigan's economy, create jobs, make the state more competitive and attractive to businesses. The legislation offers a long-term solution for economic growth, and builds a fair and equitable tax structure.

The Business and Economic Stimulus Tax (BEST) plan provides a tax cut to job providers. It replaces \$1.56

billion of the \$1.85 billion generated by the Single Business Tax.

More than 100,000 businesses—or more than 90 percent of the 108,000 businesses that currently pay the SBT—benefit from the BEST plan. In addition to the 25 percent Personal Property Tax credit, the plan completely exempts new industrial equipment purchased in 2008 and beyond.

Senate Bills 94 – 96 now move to the House for consideration.



## Pappageorge Supports Public Employees Health Benefits Act



Senator Pappageorge recently co-sponsored legislation that sets forth a comprehensive plan that will create the opportunity for locals to save. The plan helps public employers address the rising cost of health care without reducing the quality of benefits they currently offer.

The Public Employees Health Benefit Act (PEHBA) will create a new mechanism allow-

ing units of government to pool medical, dental and optical benefits, develop a catastrophic fund to allow statewide pooling of catastrophic coverage for public employers, and provide for increased access to claims and health care provider data. Participation in the benefit pool and catastrophic fund is optional.

"We must address the sky-rocketing costs of health-care. This plan affords locals a choice to take part in a plan that could potentially save hundreds of thousands of dollars" said Pappageorge. "Michigan is facing one of the worst economic situations it has ever seen. Local entities are struggling to provide essential services as revenue continues to decline. This legislation provides cost saving measures that will offer real, long term solutions."

Public employers will be required to competitively solicit four bids for fully insured coverage and provide a case management program to employees to help them select the most useful benefits package.

The legislation will not require public employers to change where and how they purchase health benefits, lower employee benefit levels or affect collective bargaining.

The legislative package, Senate Bills 418-421, has received support from many public employer and employee organizations, including the UAW and American Federation of Teachers Michigan.

## Senator Pappageorge Co-Sponsors "Robo-calls" Legislation

Senator Pappageorge recently co-sponsored a legislative package that will subject automated political telephone calls, or "robo-calls", to the same regulation as other forms of paid political communication.

Automated telephone calls related to candidates, elections and ballot questions were used extensively during the last election cycle. Use of robo-calls has increased because they are an inexpensive method of encouraging residents to vote for or against a candidate or issue. Senate Bill



284 will require the disclosure of who paid for a robo-call and whether the call was authorized by a candidate. It prescribes a misdemeanor penalty for violations concerning automated telephonic communications.

"We must restore accountability to the political process. In the past election, robo-calls were used to misrepresent issues and candidates" said Pappageorge. "It only

makes sense that the same requirements that are currently in place for other forms of political communication extend to telephone calls."

Senate Bill 285 will cause robo-calls to meet the same standards as printed, radio and television ads. Requiring individuals and groups sponsoring these calls to identify themselves will enable voters to make informed decisions about the messages they are hearing. The bills now move to the House for consideration.

## Property Tax Exemption for Veterans & Fraternal Organizations Introduced

Legislation has been introduced in the Michigan Senate that would create a tax exemption for property that is the primary meeting place for a fraternal or veterans organization.

To qualify for the exemption, the property must be owned and occupied by the organization and still be used

for the group's intended purpose.

The state's economy continues to struggle and many Michigan residents need services. By approving this exemption, we'd be giving these important organizations more flexibility to aid their fellow community members.

If these private groups were able to incur a lower tax bill, they would have more funds available to reach the most vulnerable members of our society through their charitable works. This will allow them to help others at this critical time in Michigan history.

## Update on Mortgage Fraud Legislation

**UPDATE**

Senate Bills (SB) 342 and 343, sponsored by Senator John Pappageorge, recently passed the Michigan Senate, each with a 38-0 vote. They are now before the House of Representatives for deliberation.

If passed into law, these bills would prohibit financial in-

stitutions, mortgage brokers and lenders from inducing appraisers to inflate the value of real property being used as collateral for a second mortgage.

Offenders would face a misdemeanor penalty of up to \$15,000 in fines, imprisonment for up to one year, or both.

"I am pleased that my

colleagues in the senate recognized the importance of this legislation and voted unanimously in its favor" said Pappageorge. "This legislation will go far in protecting Michigan homeowners."

## MIChild Program

Have you heard of the MI-Child program? It is a health insurance program for otherwise uninsured children of Michigan's working families.

### Available services include:

- ♦ Oral exams and routine checkups, including teeth cleaning
- ♦ Shots
- ♦ Emergency care
- ♦ Health exams
- ♦ Vision and hearing Care
- ♦ Mental health and substance abuse services

- ♦ Hospital treatment
- ♦ And many more!

### Who is eligible?

Your children can qualify if they meet the following guidelines.

- ♦ Are legal residents of Michigan
- ♦ Are less than 19 years of age
- ♦ Do not receive other health care insurance
- ♦ Are not married
- ♦ Meet certain family income requirements

Qualified recipients pay only a \$10 premium per month, regardless of how many children are in the family. Also, there are no co-pays or deductibles.

Several Michigan insurance companies participate in this program, including Blue Cross Blue Shield.

Contact my office today to get more information or visit the Department of Community Health's informational website at **www.michigan.gov/michild**.

## Extra Copies Available!



**Free!**

My office still has numerous informational booklets available. Here is a list of the latest additions: Michigan Campground 2007 Directory, Michigan Festivals & Events, Parents Unite to Prevent Underage Drinking (Basic Guidelines for Talking to Teens about Alcohol), Michigan Travel Ideas and 2007 Michigan Road Maps. Feel free to contact us to receive your free copy!

## Questions or Comments?

If you have any questions or comments regarding information in this newsletter, or wish to be removed from or added to the mailing list, please contact my office at the following information:



State Senator John Pappageorge

P.O. Box 30036

Lansing, MI 48909

517-373-2523 517-373-5669 (fax)

1-877-SEN-13TH (736-1384) toll-free

[www.senate.mi.gov/pappageorge](http://www.senate.mi.gov/pappageorge)